

Message Text

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C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 12348

FOR THE SECRETARY FROM AMBASSADOR TURNER

E.O. LL652: GDS
TAGS: ESTC, COCOM
SUBJECT: THE US INTEREST IN COCOM

REF: OECD PARIS 9564

1. AS MY THREE-YEAR TOUR IN PARIS DRAWS TO A CLOSE, I WISH TO SUBMIT FOR YOUR CONSIDERATION SOME FINAL REFLECTIONS ON COCOM. SINCE 1967 AND THE DEPARTURE OF NATO FROM PARIS, THE U.S. PERMANENT REPRESENTATIVE TO THE OECD HAS ALSO SERVED AS U.S. REPRESENTATIVE TO THAT BODY'S PARENT BODY, THE CONSULTATIVE GROUP. NSDM 222 OF JUNE 11, 1973, REAFFIRMED OUR SUPPORT OF THE COCOM SYSTEM "AS THE PRIMARY MECHANISM FOR MULTILATERAL COORDINATION OF THE CONTROL OF EXPORTS OF STRATEGICALLY SENSITIVE PRODUCTS AND TECHNOLOGY TO THE COMMUNIST COUNTRIES." OVER THE YEARS COCOM HAS PROTECTED OUR INTERESTS FAIRLY WELL IN RESTRICTING THE FLOW OF STRATEGIC GOODS TO THE COMMUNIST WORLD AND IN MAINTAINING THE TECHNOLOGICAL ADVANTAGE OF THE WEST.

2. IT HAS DONE SO, IN RECENT YEARS, UNDER EXTRAORDINARY STRAIN. EAST-WEST DETENTE AND THE ACCOMPANYING POLITICAL AND COMMERCIAL PRESSURES, AGGRAVATED BY ECONOMIC SLUMP AND UNEMPLOYMENT, HAVE CREATED POWERFUL
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IMPULSES TOWARD EXPANDED TRADE WITH THE EAST. BETWEEN 1969 AND 1976, THE NUMBER OF REQUESTS FOR EXCEPTIONS TO THE EMBARGO SUBMITTED TO THE COMMITTEE ROSE FROM ABOUT 500 A YEAR TO NEARLY 1300. DURING THE SAME PERIOD, THE NUMBER OF REQUESTS SUBMITTED BY THE UNITED STATES MORE THAN QUINTUPLED -- FROM FEWER THAN 100 TO OVER 500 -- SO THAT WE NOW SUBMIT OVER 40 PERCENT OF

ALL EXCEPTION REQUESTS.

3. AT THE SAME TIME THERE HAVE BEEN SHARP DIFFERENCES BETWEEN US AND OTHER MEMBERS OF COCOM OVER THE DESIRABLE LEVEL OF EMBARGO COVERAGE. THESE DIFFERENCES ERUPTED IN ACUTE FORM DURING THE 1974 LIST REVIEW AND WERE EXACERBATED BY OUR FAILURE, AT SEVERAL POINTS DURING THE REVIEW, TO TAKE TIMELY POSITIONS AND OUR SUBMISSION DURING THE FINAL ROUND OF LAST-MINUTE COUNTERPROPOSALS AFTER LONG PERIODS IN RESERVE. THE PROTRACTED DELAYS IN U.S. CONSIDERATION OF OTHER MEMBERS' EXCEPTION REQUESTS HAVE ALSO CAUSED PROFOUND IRRITATION AND UNREST IN THE COMMITTEE. THROUGHOUT ITS HISTORY COCOM HAS PASSED THROUGH PERIODS OF STRAIN WHEN THERE WERE WARNINGS OF ITS POSSIBLE DEMISE, AND I MAKE NO SUCH PREDICTION NOW. I DO POINT OUT, HOWEVER, THAT THE UNITED KINGDOM PROPOSALS FOR AMENDMENT OF THE COCOM CRITERIA -- ABOUT WHICH WE AND THE UK HAVE ALREADY HAD BILATERAL TALKS -- WERE GENERATED BY PRECISELY THE IRRITATION AND DISSATISFACTION ALREADY REFERRED TO. BELGIUM HAS PROPOSED EVEN MORE FAR-REACHING CHANGES IN THE BASIC RULES OF COCOM. UNDER THE BELGIAN QUOTE OBSOLESCENCE CRITERION UNQUOTE, EQUIPMENT WHICH HAD BEEN COMMERCIALY AVAILABLE FOR FIVE YEARS IN A MEMBER COUNTRY - OR UNDER EMBARGO FOR FOUR - COULD BE FREED FROM EMBARGO AT THE REQUEST OF A MEMBER. UNANIMITY WOULD BE REQUIRED TO KEEP SUCH EQUIPMENT EMBARGOED, AND MEMBERS ARGUING FOR RETENTION WOULD HAVE TO SUSTAIN A HEAVY BURDEN OF PROOF. THIS PROPOSAL, IF ACCEPTED,

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WOULD REVERSE ONE OF THE MOST FUNDAMENTAL PRINCIPLES OF COCOM.

4. COCOM RULES PROVIDE CERTAIN DEADLINES FOR THE STATEMENT OF POSITIONS BY MEMBERS ON EACH OTHER'S EXCEPTION REQUESTS, AND FOR THE RESCHEDULING OF CASES ON WHICH MEMBERS HAVE BEEN UNABLE TO STATE POSITIONS ON FIRST CONSIDERATION. THE U.S. MEETS THESE DEADLINES IN THE MAJORITY OF CASES, BUT IN A CONSPICUOUS MINORITY OUR DELEGATION MUST REQUEST REPEATED EXTENSIONS OF TIME,

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SOMETIMES WEEKS OR EVEN MONTHS AFTER THE ORIGINAL CONSIDERATION BY COCOM AND THE AUTOMATIC RESCHEDULING TWO WEEKS LATER. THE U.S. HELPED NEGOTIATE THESE PROCEDURAL RULES IN 1973 AND SHOULD ABIDE BY THEM. INSTEAD, IT VIOLATES THEM MORE OFTEN THAN ANY OTHER MEMBER. WE SHOULD EITHER LIVE BY RULES, AND DEVELOP THE ADMINISTRATIVE PROCESSES TO DO SO, OR REQUEST THEIR MODIFICATION DUE TO OUR INABILITY TO PERFORM AS STIPULATED.

5. THE COMBINATION OF PRESSURES GENERATED BY DETENTE AND RECESSION HAS LED TO WHAT MAY BE AN INCREASE IN THE DIVERSION OF STRATEGIC GOODS TO COMMUNIST COUNTRIES. TO SOME EXTENT IT APPEARS THAT CERTAIN COCOM MEMBER GOVERNMENTS MAY BE WINKING AT SUCH DIVERSIONS. I UNDERSTAND THAT EDAC AGENCIES ARE NOW WORKING ON THE FINAL REPORT OF THE STUDY OF EMBARGO COMPLIANCE CARRIED OUT LAST YEAR. I LOOK FORWARD TO THE EMERGENCE OF THIS REPORT AND TO ITS SUBMISSION TO THE COMMITTEE AT AN EARLY DATE. IF IT HAS NOT ALREADY DONE SO, HOWEVER, I BELIEVE EDAC SHOULD CONSIDER THE FEASIBILITY OF DEVELOPING, WITH SUITABLE COST/BENEFIT CONSIDERATIONS, MORE COMPLETE INTELLIGENCE ON THE EXISTING LEAKAGE OF EMBARGOED ITEMS THROUGH THE COCOM NET. IN A MEETING I ATTENDED IN WASHINGTON IN 1976 WITH MEMBERS OF THE

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EDAC EXECUTIVE COMMITTEE, THE CIA REPRESENTATIVE ACKNOWLEDGED THE LACK OF ADEQUATE DATA TO ASCERTAIN THE MAGNITUDE OF THE PROBLEM, THE STRATEGIC CRITICALITY OF THE PRODUCTS THAT MAY BE ILLICITLY TRADED, OR THE IDENTITY OF THE PRINCIPAL CORPORATE OR GOVERNMENTAL OFFENDERS.

6. WITH THIS BACKGROUND I REGARD THE NEXT TWO OR THREE YEARS AS CRITICAL FOR COCOM. IT IS IMPORTANT, NOW MORE THAN EVER, THAT THE U.S. PERFORM IN SUCH A MANNER AS TO RESTORE THE SAGGING CONFIDENCE OF OUR ALLIES IN THIS BODY. IN THIS MISSION'S ANNUAL POLICY AND RESOURCE ASSESSMENT (REFTEL), I RECOMMENDED IN PARAGRAPH 6B CERTAIN COURSES OF ACTION TO BE TAKEN BY WASHINGTON OVER THE COMING YEAR:

-- FULL AND TIMELY PREPARATION FOR THE 1978 LIST REVIEW;

-- AN INTENSIFIED INTELLIGENCE EFFORT AND INCREASED INFORMATION EXCHANGE WITH OUR ALLIES ON DIVERSION OF STRATEGIC GOODS;

-- EARLY SUBMISSION OF THE REPORT ON OUR COMPLIANCE STUDY.

7. FOR THE LONGER TERM, HOWEVER, IT SEEMS TO ME THAT WE SHOULD CAREFULLY REEXAMINE THE WASHINGTON STRUCTURE CHARGED WITH PRODUCING POSITIONS ON COCOM MATTERS. THE ECONOMIC DEFENSE ADVISORY COMMITTEE MAY WISH TO CONSIDER WHETHER, IN THE LIGHT OF NSDM 222, IT IS PERFORMING ITS FUNCTIONS AS EFFECTIVELY AS IT MIGHT. PARAGRAPH 2 OF NSDM 222 DIRECTED THAT EDAC "ADOPT A MORE FORMALIZED DECISION-MAKING PROCEDURE TO ENSURE THAT INTER-AGENCY DIFFERENCES ON COCOM MATTERS ARE RESOLVED WITHIN A REASONABLE PERIOD OF TIME." IT SEEMS TO ME, LOOKING BACK OVER THE LAST THREE YEARS, THAT THE OBJECTIVE SET FORTH IN THAT PARAGRAPH HAS FAR TOO OFTEN NOT BEEN ACHIEVED. I AM PLEASED TO KNOW THAT THE COMMERCE
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DEPARTMENT HAS HIRED MORE PERSONNEL AND TAKEN OTHER STEPS TO IMPROVE ITS OWN PROCEDURES. BUT THE PROBLEM IS NOT CONFINED TO ANY ONE DEPARTMENT, NOR WILL IT BE SOLVED SIMPLY BY HIRING MORE PEOPLE. SPECIFICALLY, I THINK EDAC AND ITS SUBORDINATE BODIES MIGHT REEXAMINE THEIR OPERATING PROCEDURES AND PRINCIPLES. FOR EXAMPLE,

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THE FOLLOWING CHANGES MIGHT BE CONSIDERED:

- ESTABLISHING ENFORCEABLE DEADLINES ON OTHER MEMBERS' EXCEPTION REQUESTS, NOT INVOLVING U.S. LICENSING PROCEDURES, TO ENSURE THAT WITHIN A MAXIMUM OF EIGHT WEEKS OF SUBMISSION OF THE REQUEST THAT U.S. DELEGATE IS INSTRUCTED TO PUT QUESTIONS IF A FINAL POSITION IS NOT POSSIBLE BY THAT TIME, AND TO STATE A FINAL POSITION WITHIN A MAXIMUM OF THREE MONTHS;
- REQUIRING OBJECTIONS BY AN AGENCY TO BE SUPPORTED BY A FULL JUSTIFICATION IN TERMS OF THE COCOM CRITERIA; AN OBJECTION NOT COUCHED IN THESE TERMS NOT TO BE CONSIDERED A FINAL POSITION;
- A LIMITED GRANT OF AUTHORITY TO USDEL TO APPROVE REQUESTS UP TO A VALUE LIMIT OF, SAY, \$20,000, EXCEPT FOR ATOMIC ENERGY AND MUNITIONS LIST ITEMS, UNLESS INSTRUCTED TO THE CONTRARY PRIOR TO FIRST CONSIDERATION BY THE COMMITTEE.

8. NONE OF THESE CHANGES WOULD IN ANY WAY ENDANGER THE STRATEGIC INTERESTS OF THE UNITED STATES. THEY WOULD IMPROVE THE FUNCTIONING OF EDAC AND OF COCOM, AND RESTORE THE CONFIDENCE OF OUR ALLIES IN THAT BODY. COCOM MERITS THE CONTINUED SUPPORT ANNOUNCED IN NSDM 222. I HOPE THE EDAC WILL GIVE EARNEST CONSIDERATION TO THE SUGGESTIONS SET FORTH ABOVE.
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